

Background

Senate Bill 136 modifies the method of apportionment of broadcaster income to Oregon for purposes of the corporate excise tax. This bill, as introduced, is identical to SB 1529A which was discussed during the 2020 Regular legislative session.

On January 25, 2021, the department submitted [testimony on SB 136](#) to this committee and testified the department could implement SB 136. After the committee hearing, the department noted a lack of clarity in language prescribing the contents of the sales factor for a taxpayer with broadcaster sales. For example, some language could be read to mean that a taxpayer with broadcasting sales would calculate two sales factors.

The department brought its concerns to the Legislative Revenue Office (LRO) with a view toward clarifying how the sales factor for a taxpayer with broadcasting sales is calculated. The resulting -1 amendment fully addresses concerns the department raised with LRO. The amendment offers greater clarity on sales factor computation for taxpayers with broadcaster sales.

The clarity provided in the -1 amendment will simplify department administration and help reduce the chance of disputes many years into the future.

The department appreciates the chance to work with LRO, MPA, and other broadcasters on this issue. The department will seek out input from MPA and other broadcasters during any rulemaking required during implementation.

Implementation

Senate Bill 136 applies to tax years beginning on or after January 1, 2020, therefore the department will develop a plan to communicate the retroactive change in tax law to affected taxpayers who will begin filing returns in May 2021. However, most affected taxpayers will file returns in November 2021 which may allow them additional time to comply with changes proposed in SB 136. The department will be able to implement SB 136 with existing resources.

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